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SACRAMENTO MAN INDICTED FOR FAILING TO APPEAR

SACRAMENTO-- United States Attorney McGregor W. Scott announced today that a federal grand jury returned a two count indictment yesterday charging MICHAEL F. EGAN, 63, of Sacramento, with failing to make a required court appearance after being released on pre-trial supervision.

The underlying case was the product of an extensive joint investigation by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation.

According to Assistant United States Attorney Philip Ferrari, who is prosecuting the case, EGAN was indicted in 2003 on multiple counts of mail fraud, money laundering, and the filing of false tax returns. That indictment alleged that EGAN was the main figure behind a fraudulent high-yield investment scheme which cost investors millions of dollars. On October 10, 2006, EGAN pleaded guilty to one count of mail fraud and one count of filing a false income tax return in connection with the scheme, and was subsequently sentenced on June 5, 2007 to 70 months in prison, restitution of \$6.8 million, and a three year term of supervised release.

Until his June 5 sentencing, EGAN was able to secure his release when his mother offered to post the home in which she was raised as security for a \$350,000 bond. During the pendency of the case, EGAN fired two attorneys and sought multiple continuances prior to

entering guilty pleas on October 10, 2006. Soon after entering his guilty pleas, however, EGAN filed a motion to withdraw his plea, filed additional documents challenging the jurisdiction of the court, and allegedly left the state without notifying the court, in violation of his conditions of pre-trial release. He failed to appear at the hearing set for his motion to withdraw his plea on May 22, 2007. Through his attorney, he promised to appear at a second hearing, set for May 24, 2007. Once again he failed to appear and a warrant was issued for his arrest. At his June 5, 2007 sentencing, EGAN was remanded into custody to begin serving his sentence. Yesterday's indictment pertains to his May 22 and 24 failures to appear.

Two other persons who served as brokers for the Philanthropic Charities investment program have already pled guilty and been sentenced for their roles in the scheme. RANDALL ALAN HUFFMAN, 44, of Morgan Hill, California, pled guilty to misprision of a felony and was sentenced to two months imprisonment and ordered to pay \$40,000 in restitution. LARRY T. BALENTINE, 67, of Salinas, California, pled guilty to charges of aiding and abetting mail fraud, and money laundering, and was sentenced to a five month term of imprisonment. Restitution has yet to be determined in Mr. BALENTINE's matter.

The maximum statutory penalty EGAN faces on the new charges is five years in prison and a \$250,000 fine. However, the actual sentence will be dictated by the Federal Sentencing Guidelines, which take into account a number of factors, and will be imposed at the discretion of the court.

The charges are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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